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APR 14 2006

PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT MAIL

April 13, 2006

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: In the Matter of an Adjustment of The Gas Rates of The Union Light, Heat and
Power Company
Case No. 2005-00042

Dear Ms. O'Donnell:

Enclosed please find an original and twelve copies of the Refund Report of Duke Energy Kentucky in the above-referenced case.

Please date stamp and return the two extra copies of this filing in the enclosed envelope.

If you have any questions, please do not hesitate to contact me at (513) 287-3601.

Sincerely,

John J. Finnigan, Jr.
Senior Counsel

JJF/sew

Enclosures

cc: Hon. Elizabeth E. Blackford (w/encl.)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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**PUBLIC SERVICE
COMMISSION**

In the Matter of:

AN ADJUSTMENT OF THE GAS)
RATES OF THE UNION LIGHT,)
HEAT AND POWER COMPANY) CASE NO. 2005-00042

**REFUND REPORT OF
DUKE ENERGY KENTUCKY**

On December 22, 2005, the Commission approved new retail gas base rates for The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky (“Duke Energy Kentucky”). The Commission’s Order also required Duke Energy Kentucky to file a refund plan for the excess rates collected by Duke Energy Kentucky, which Duke Energy Kentucky had implemented after the statutory suspension period had expired. Duke Energy Kentucky filed its refund plan on January 17, 2006, and filed supplemental information relating to its refund plan on January 30, 2006.

The Commission’s February 2, 2006 Order approved Duke Energy Kentucky’s refund plan. Ordering Paragraph No. 5 required Duke Energy Kentucky to file a refund report within 30 days of completing the refund.

Duke Energy Kentucky reports that it implemented the refunds by applying the rate adjustments to customer accounts during the weekend of February 25 and 26, 2006. The bills generated beginning on Monday, February 27 (Cycle 18) were the first bills to reflect the billing adjustment to reflect the refund. The refund process concluded when the billing adjustments were applied on Monday, March 27 (Cycle 17). The billing

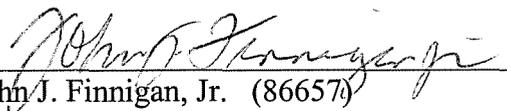
adjustments for interruptible transportation customers had to be calculated manually. Additionally, the refunds for customers who have moved off of Duke Energy Kentucky's system also had to be performed manually. These manually-processed refunds have also been mailed out to customers.

The total amount of the refunds paid by Duke Energy Kentucky are shown on Attachment A. These refunds total \$1,261,415.39, which is slightly higher than the \$1,244,803.82 refund amount shown on Duke Energy Kentucky's January 17, 2006 filing. The reasons for the difference are explained on Attachment A.

Based on the foregoing, Duke Energy Kentucky respectfully requests that the Commission accept its Refund Plan report, and issue an Order closing this docket.

Respectfully submitted,

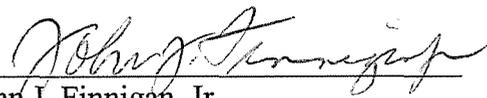
DUKE ENERGY KENTUCKY


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CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing pleading has been served by ordinary United States mail, postage prepaid, to the following parties on this 13th day of April, 2006:

Hon. Elizabeth E. Blackford
Office of Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601



John J. Finnigan, Jr.

DUKE ENERGY KENTUCKY
Refund Report for Case No. 2005-00042

RATE	CCF	Refunds			Base Refund	Interest	Net Refund	Final Refund	Actual Refund	Difference to Final Refund	Difference to Net Refund
		October	November	December							
RS	16,303,659	\$115,357.44	\$384,660.90	\$608,218.79	\$1,108,237.13	\$1,643.38	\$1,109,880.51	\$1,109,880.51	\$0.00	\$0.00	
GS	9,394,389	21,097.75	45,246.31	30,569.08	96,913.14	238.38 ²	97,151.52	113,763.09 ¹	0.00	16,611.57 ¹	
IT	2,517,369	8,062.48	9,307.38	0.00	17,369.86	21.64	17,391.50	17,391.50	0.00	0.00	
FT	2,287,288	8,839.97	11,516.86	0.00	20,356.83	23.46	20,380.29	20,380.29	0.00	0.00	
TOTAL	30,502,705	\$153,357.64	\$450,731.45	\$638,787.87	\$1,242,876.96	\$1,926.86 ²	\$1,244,803.82	\$1,261,415.39	\$0.00	\$16,611.57	

Difference caused by "negative" refunds being removed from the final refund.

Negative Refunds

	October		November		December		Total	
	Count	Amount	Count	Amount	Count	Amount	Count	Amount
RS	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
GS	99	860.32	244	5,376.72	726	12,551.35	1,069	18,788.39
IT	0	0.00	0	0.00	0	0.00	0	0.00
FT	0	0.00	0	0.00	0	0.00	0	0.00
TOTAL	99	\$860.32	244	\$5,376.72	726	\$12,551.35	1,069	\$18,788.39 ¹

¹ - The Rate GS Final Refund was adjusted to remove net "negative" refunds. The Total Negative Refunds amount was for every negative amount in each separate month. The net negative refund amount was due to the 3-month total refund amounts including both refunds and negative refunds. The final approved Rate GS Customer Charge was lower than the rate used by the Company, but the approved Energy Charge was higher. Therefore, both negative and positive refunds were possible depending upon the usage level each month.

² - Rate GS Interest for the Final Refund
Rate GS Interest for the Net Refund
Interest Difference

\$251.00	Total Final Int.	\$1,939.48
238.38	Total Net Int.	1,926.86
<u>\$12.62</u>		<u>\$12.62</u>

Total Negative Refunds (each month)	\$18,788.39	Total Neg. Refunds	\$18,788.39
Net Negative Refunds (3-month total)	<u>16,598.95</u>	Net Neg. Refunds	
	<u>\$2,189.44</u>	Plus Interest	16,611.57
Interest difference	12.62		
Total Difference	<u>\$2,176.82</u>	Total Difference	<u>\$2,176.82</u>